

Date Mailed January 14, 1998

BEFORE THE

PUBLIC SERVICE COMMISSION OF WISCONSIN

Joint Application of Wisconsin Public Service Corporation,
Wisconsin Power & Light Company, and Madison Gas &
Electric Company for Recovery of Deferred Steam Generator
Repair Costs at the Kewaunee Nuclear Power Plant

05-ER-100

NOTICE OF HEARING

Prefiled Testimony Due:	February 3, 1998, 4:30 p.m.
Rebuttal Testimony Due:	February 10, 1998, noon
Hearing Date:	February 16, 1998, 10:00 a.m.
Hearing Location:	Public Service Commission, 610 North Whitney Way, Madison

On March 9, 1997, Wisconsin Public Service Corporation (WPS), Wisconsin Power and Light Company (WP&L), and Madison Gas and Electric (MGE) requested that the Public Service Commission (Commission) approve a deferral of steam generator repair costs at their jointly owned Kewaunee Nuclear Power Plant (KNPP). On March 21, 1997, the Commission authorized by letter order the deferral of all costs associated with the resleeving of degraded steam generator tubes at KNPP that are incurred after March 20, 1997. The Commission's authorization did not ensure recovery of the deferred costs nor determine the prudence of any such costs. In the March 9, 1997, application, the joint owners of KNPP indicated that they would seek recovery of such costs in a future rate surcharge proceeding.

On November 18, 1997, the joint owners filed testimony and exhibits with the Commission seeking rate recovery for \$10,032,731 of incurred expenses to repair the KNPP steam generator tubes. The joint owners are also seeking recovery of \$741,741 for the capital-related carrying costs of such expenses. The utilities have indicated that the proposed cost recovery be implemented via a rate surcharge during part of 1998. The specific proposed dollar amounts for each of the joint owners of KNPP and the time frame for recovery via a rate surcharge are as follows:

Utility	Expenses	Carrying Costs	Time Frame	Retail Rate Surcharge Per kWh
WPS	\$4,133,485	\$264,210	Feb. to Mar. 1998	\$0.002458
WP&L	\$4,113,420	\$310,833	Feb. to Mar. 1998	\$0.002416
MGE	\$1,785,826	\$166,698	Feb. to May 1998	\$0.002210

A hearing will be held in this proceeding, pursuant to ss. 196.20, 196.30, 196.37, 196.39, and 196.395, Stats., for the rate increase request. Issues at the hearing covering each utility are:

- 1) Does recovery of the expenses to repair the KNPP steam generator tubes comply with the Commission's Statement of Position (SOP) 94-01 on the accounting and ratemaking treatment for deferred accounts?
- 2) What total dollar amount of expenses should the Commission approve, if any, for recovery via a rate surcharge?
- 3) Should the Commission approve the recovery of the capital carrying costs associated with the repair expenses?
- 4) How should the potential rate surcharge be implemented?
- 5) What should be the proper length of time for the proposed surcharge to be applied to customers' bills?
- 6) Should cost recovery associated with laser welding the KNPP steam generator tubes, an earlier repair technique, be approved?
- 7) Are there any third party indemnification effects to consider?
- 8) Should WP&L be allowed cost recovery because the proposed amount may be below the unusual circumstances threshold established by the Commission when it approved a rate freeze proposal for WP&L as part of the Interstate Energy Corporation merger?

Copies of the companies' application and prefiled testimony and exhibits may be obtained by written request to Wisconsin Public Service Corporation at its office at 700 North Adams Street, Green Bay, Wisconsin 54307-9001. **The Commission advises interested parties to this docket to begin discovery immediately.** Discovery requests should be addressed to William L. Bourbonnais, Wisconsin Public Service Corporation, 700 North Adams Street, Green Bay, Wisconsin 54307-9001.

This is a Type III action under s. PSC 4.10 (3), Wis. Adm. Code. No unusual circumstances suggesting the likelihood of significant environmental consequences have come to the Commission's attention. Neither an environmental impact statement under s. 1.11, Stats., nor an environmental assessment is required.

NOTICE IS GIVEN that this matter is considered to be a Class 1 proceeding as defined in s. 227.01(3)(a), Stats.

NOTICE IS FURTHER GIVEN that a hearing will be held on the KNPP repair cost rate surcharge request beginning February 16, 1998, at 10:00 a.m., in the Amnicon Falls Hearing Room at the Public Service Commission Building, 610 North Whitney Way, Madison, Wisconsin and continuing at times to be set by the presiding Hearing Examiner. This building is accessible to people in wheelchairs through the Whitney Way main floor entrance (Lobby). Parking for people with disabilities is available on the south side of the building. Any person with a disability who needs accommodations should contact Richard Teslaw at (608) 267-9766.

Prefiled testimony on the rate relief request is due in parties' hands and the Commission on February 3, 1998, at 4:30 p.m. and rebuttal testimony is due in parties' hands and the Commission on February 10, 1998, at noon.

Persons who desire to actively participate as full parties must request full party status in writing. Full party status requests should be addressed to John Crosetto, Hearing Examiner, Public Service Commission of Wisconsin, Examining Division, P.O. Box 7854, Madison, Wisconsin 53707-7854.

If there are any questions regarding full party status requests or the hearing scheduled in this notice, please contact John Crosetto, Examining Division, at (608) 266-7165.

Other questions regarding this matter may be directed to Randel Pilo, at (608) 267-1474.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission

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